

Perspectives

FOR ACTIVE
MEMBERS
OF THE
NORTH DAKOTA
PUBLIC
EMPLOYEES
RETIREMENT
SYSTEM

SUMMER 2006 • VOLUME 29, NUMBER 2

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This newsletter is published by
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New "Use It or Lose It" Provisions for Flexcomp Plan

Last year the Internal Revenue Service issued notice 2005-42 which authorizes employees the opportunity to be reimbursed for expenses incurred in the current plan year out of unused contributions from the previous plan year. Referred to as the 2-1/2 Month Rule, it allows claims incurred between January 1 and March 15 (grace period) of the new plan year to be reimbursed out of any account balance remaining from the previous plan year. This means that rather than "LOSE" any remaining balance, you will have the option to "USE" it during the grace period. NDPERS has amended its FlexComp Plan Document to incorporate the "grace period" provisions effective for the 2006 plan year.

The "grace period" option is available to all employees participating in a medical spending reimbursement account and will work as follows:

If you have a balance in your medical spending account after December 31, 2006 that would otherwise be forfeited, you will have the option to have eligible

expenses incurred during the January 1, 2007 through March 15, 2007 "grace period," reimbursed from that remaining balance. The deadline to submit claims incurred during the grace period for reimbursement from your 2006 account balance is April 30, 2007. Any amount remaining in your medical spending account after the filing deadline is forfeited.

In addition to the above, the deadline to file medical and dependent care claims has been changed from March 31 to April 30 allowing you an additional month to submit expenses incurred in 2006. Any unused amounts in a medical spending reimbursement account cannot be used for dependent care expenses or vice versa. As a reminder, any amounts remaining in these accounts after April 30 are forfeited.

We will be updating the FlexComp Program Guide, FlexComp Reimbursement Voucher, and claims filing procedures to incorporate these new provisions. We will also include this information in your 2007 annual enrollment materials that will be distributed this fall.

Internet Health Information Made Easy

The sheer volume of health information on the Web makes it hard to find reliable sources. If you have a medical condition that can be treated in different ways, learning about your options can get even more confusing. But if you're in that situation, don't worry.

MyHealthConnection makes it easy to get reliable information by offering you the Health CrossroadsSM Web site (www.the-dialogcenter.com/bcbsnd). You can find this tool by clicking on the "Health Information" tab and then click on

"Health Crossroads Web Modules."

For many medical conditions, research shows that more than one treatment option is acceptable. In fact, sometimes there is no proof that one treatment is

Continued inside

As part of its fiduciary responsibility, the Board has put the following services out to bid:

NDPERS Group Dental

Last fall ING, our current dental plan carrier, notified the PERS Board that they are discontinuing their dental business and will no longer be providing dental plan coverage after December of 2006. Therefore, it is necessary for us to send out a Request for Proposals (RFP) for our dental plan. A RFP was sent out on May 22, 2006. The deadline for submitting proposals is July 6, 2006. The bids will be evaluated by our consultant, Gallagher Benefit Services and we expect to award the contract by September. Coverage will be effective January 1, 2007.

NDPERS Group Long Term Care Plan

Our current contract with UNUM/Provident has been in effect since 1997. A Request for Proposals was sent out on May 22, 2006. The deadline for submitting proposals is July 6, 2006. The bids will be evaluated by our consultant, Gallagher Benefit Services and we expect to award the contract by September. Coverage will be effective January 1, 2007.

Cover article continued...

Internet Health Information Made Easy

better than another. The most common medical conditions that fit this description include:

- Back pain;
- Benign prostatic hyperplasia (BPH), also known as enlarged prostate;
- Breast cancer;
- Coronary artery disease;
- Depression;
- Osteoarthritis, usually affecting the hips or knees;
- Prostate cancer;
- Abnormal uterine bleeding; and
- Uterine fibroids.

People with these conditions usually have to make a treatment choice based on their personal preferences. But before they can decide what they prefer, they need to understand the trade-offs involved with each option. The Health CrossroadsSM Web site is designed with these people in mind.

At the Crossroads

The Health CrossroadsSM Web site provides up-to-date, unbiased information to help you work with your doctor to make the decisions that are best for you. The site does not promote any one treatment approach over another. Instead, it describes the treatment choices and then explains what the research says about the pros and cons of each choice. Because your preferences are important in decision-making, this site also lists questions to help you think about your decision.

Plus, the site offers you a glimpse into the lives of real people who have made these decisions and have agreed to share their experiences with you.

Getting the Right Healthcare

The Health CrossroadsSM website also offers the "Getting the Right Healthcare" guide that teaches you how to get the best care possible. The guide explains how to develop a good working relationship with your doctor, how to evaluate medical information, and how to maintain your good health.

Don't Like Computers?

Just Pick Up the Phone

If you would rather speak to a real person than go online, call a Health Coach. Health Coaches are specially trained healthcare professionals, such as nurses, dietitians, and respiratory therapists. They are available by phone, anytime, 24 hours a day, 7 days a week, at no charge to you. If appropriate, a Health Coach will send you a complimentary video about the decision you are facing.

To talk to a Health Coach, call 1-800-658-2750. To visit the Health CrossroadsSM Web site go to www.thedialogcenter.com/bcbsnd. You can find this tool by clicking on the "Health Information" tab and then click on "Health Crossroads Web Modules".

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COB "Banking" Is No Longer Required

Under the Coordination of Benefits (COB) regulations previously adopted by the North Dakota Insurance Department and currently contained in the COB language in the PERS benefit plan, BCBSND was required to administer these regulations to account for the COB "banking" feature. This provision impacts those individuals who have dual insurance coverage. Based on the new model regulation drafted by the National

Association of Insurance Commissioners (NAIC) and adopted by the ND Insurance Department, the COB 'banking' provision is no longer a requirement. As such BCBSND intends to discontinue administering the "banking provision" currently in effect for the PERS plan.

BCBS has presented this proposal to the NDPERS Board for its review and action.

An Increase That Makes Sense

There are some things you don't want to see increase such as: the price of gas, your weight, or the amount of income tax you pay. And there are some things you want to see increase such as your salary and your retirement benefits.

You may have already thought about how you might use your next salary increase. But you can take steps to make an increase that makes sense – increase your retirement savings through a pretax deduction to the deferred compensation plan.

There are several reasons this is a good move:

- You'll defer income tax. The deduction is pretax, therefore, your tax base is lower and thus the taxes you pay;
- You will automatically be enrolled in the Portability Enhancement Provision (PEP);
- By having a pretax deduction, you pay yourself first; and
- Since the money isn't coming out of your pocket, you may not even miss it!

And enrolling in the deferred compensation plan couldn't be easier. For a limited time we are offering a "special enrollment" period for employees that do not currently participate in the plan. Simply complete the form provided below and submit it to NDPERS or your payroll office. The minimum monthly amount is \$25; however, you may defer more than the minimum by specifying the amount in the blank provided. Your contributions

will be automatically invested in the NDPERS Companion Plan Fidelity Freedom Funds. To access information on the Companion Plan investment options and Freedom Funds, please visit the NDPERS web site at www.nd.gov/ndpers and select Active Members from the menu, then Deferred Compensation Plan and then select Companion Plan.

Remember, deferred compensation is also your "PEP Connection;" the key to adding more dollars to your NDPERS retirement member account balance. PEP allows you to earn the employers' contribution to the retirement plan and have up to an additional 4% added to your NDPERS member account. This additional benefit is your reward for deferring a portion of your wages and is only available through participation in an approved employer sponsored deferred compensation plan. By enrolling in the deferred compensation plan, PEP is automatic. For information about PEP, access the PERS web site using the address listed above and select the PEP icon from our home page.

While visiting our website, you can also review the list of provider companies, associated agents and a summary of investment options, as well as links to some of the provider web sites. Take steps now to make an increase in your retirement savings that makes for a better future for you.

Do Something Nice for Yourself!



EXPEDITED 457 DEFERRED COMPENSATION PLAN & PORTABILITY ENHANCEMENT PROVISION (PEP) ENROLLMENT — SPECIAL ENROLLMENT NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM THIS FORM EXPIRES ON SEPTEMBER 30, 2006

In compliance with the Federal Privacy Act of 1974, the disclosure of the individual's social security number on this form is mandatory pursuant to 26 U.S.C. Sec. 3402. The individual's social security number will be used for tax reporting and as an identification number.

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COMPLETE THIS FORM ONLY IF YOUR EMPLOYER PARTICIPATES IN THE NDPERS DEFINED BENEFIT RETIREMENT PLAN

PART A EMPLOYEE INFORMATION

Name (Last, First, MI)		Date of Birth	Social Security Number	
Address			Employee Hire Date	
City	State	Zip Code + 4	Department Name	Dept. #

PART B EXPEDITED DEFERRED COMP PLAN & PEP ENROLLMENT

I understand that by electing to begin participation in the 457 Deferred Compensation Plan, I will be automatically enrolled in the Defined Benefit Retirement Plan Portability Enhancement Provision (PEP). I further understand my contributions will be invested with Fidelity Investments in the NDPERS Companion Plan Freedom Funds.

Pay Period Amount (Minimum amount per month is \$25.00)

Pay Period Beginning Date

Participant Authorization

Date Signed

PART C NDPERS AUTHORIZATION (For NDPERS Use Only)

Authorized Signature

Date Signed

ORIGINAL TO NDPERS

PLEASE RETAIN A PHOTOCOPY FOR YOUR RECORDS

Group Health Plan Highlights

BCBSND enrollment up in EPO, slightly down in PPO

Fiscal year 2005 was the start of increased enrollment in the NDPERS Exclusive Provider Organization product, according to data presented by Blue Cross Blue Shield of North Dakota at the NDPERS board meeting April 20 in Bismarck.

The average number of members with EPO coverage increased 3 percent from 2004 to 2005, to 14,763. Enrollment in the Preferred Provider Organization plan remained relatively unchanged, with a 1 percent decline in membership to 32,491.

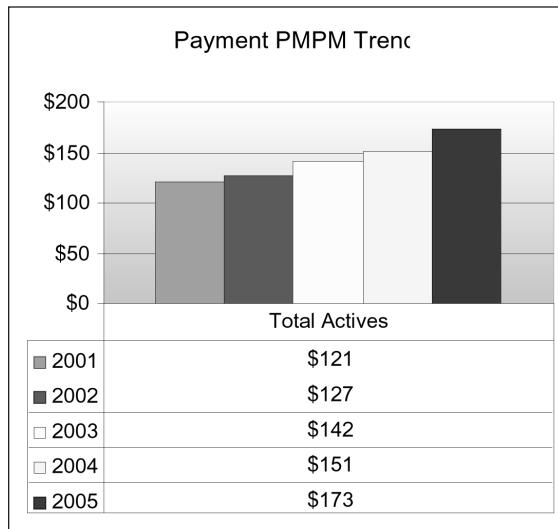
The cost of health care continues to rise for both individual plans and employer-sponsored group plans, and NDPERS was no exception. Plan payments per member per month increased 12 percent from 2004 to 2005.

Case Benefits Management

BCBSND provides individual Case Benefits Management services to NDPERS members who may benefit from it. Intervention can include arranging for less expensive, alternative levels of care as well as negotiating reduced fees for medical equipment. However, case management is not just about saving money. Professional case managers, assigned exclusively to NDPERS members, help with health care needs across the entire continuum of care.

Prenatal Plus

Prenatal Plus is a screening program provided free of charge by BCBSND. Through assessment, intervention and education, the program lowers the risk of premature birth. Members volunteer by contacting BCBSND after their first prenatal visit, preferably by the 12th week of pregnancy. In 2005, 502 NDPERS members were eligible for the program, and 36 percent, or 179, contacted BCBSND about Prenatal Plus.



What's On the Web? www.nd.gov/ndpers

There are many items at your fingertips. Forms, announcements, handbooks, newsletters, and more! This will be a feature article in future editions of this newsletter. Each article will focus on a certain aspect of our home page.

In this edition, we will focus on the retirement tools available to you on the NDPERS website. If you are an active member in the NDPERS Defined Benefit Hybrid Retirement Plan, you have access to your plan handbook, forms, on-line services, and much more. You may access these items through the menu option labeled "Active Members" located under Member Services on the left side of our web page.

When you enter the above menu option, the first menu option is titled "Defined Benefit Hybrid Retirement Plan"; through this option, you have access to the following items:

Plan Handbook Table of Contents

Topics include:

- Introduction
- Contacting NDPERS
- On-Line Services
- Governing Authority
- Board Members
- Your Retirement Plan
 - Eligibility
 - Contributions
 - Vested Employer Contribution (PEP)
 - Service Credit
 - Purchase of Service Credit
 - Vesting
 - Dual Membership
- Benefits Available at Termination
- Disability Benefits Available
- Benefits Available at Retirement
- Benefits & Return to Work
- Retiree Health Insurance Credit Program
- Death Benefits
- Benefits Counseling
- Pre-retirement Education Program (PREP)
- Confidentiality Law
- Qualified Domestic Relations Orders
- Glossary
- Index of Forms
- Refund/Rollover Checklist
- Retirement Checklist

Fidelity Reduces Fees for Deferred Comp Companion Plan

Fidelity Investments has notified NDPERS that effective July 1, 2006 it will reduce the annual NDPERS 457(b) Companion Plan participant recordkeeping fee from \$39 to \$30. Therefore, effective with your 3rd quarter statement, your quarterly fee will be reduced from \$9.75 to \$7.50. This is good news for Companion Plan participants as now the money you are saving in fees can work for you. This reduction does not apply to funds in the mutual fund window.

Summary of Primary Legislative Proposals

The following summarizes the bills submitted to date for the 2007 legislative session.

For more information or to review copies of the bills, please refer to our web site at www.nd.gov/ndpers and select NDPERS News from the menu.

Bill No.	System	Sponsor	Description
76	PERS & Highway Patrol	PERS	Technical corrections to provisions of PERS and Highway Patrol relating to confidentiality, final average salary calculations, payment of delayed retirement benefits, conversion of sick leave, temporary employee purchase of service credit, compliance with the Internal Revenue Code, employee service credit purchases, and automatic refund of account balances.
77	Deferred Compensation	PERS	Provides that new state employees will be automatically enrolled in the deferred compensation program when first employed unless they elect to waive participation.
78	Uniform Group Insurance Program	PERS	Creates a new trust for pretax savings for health care expenses and prescription drug coverage under the uniform group insurance program; changes provisions relating to the employer payment for unused sick and annual leave; provides for an increase in the minimum basic life insurance benefits coverage from \$1,300 to \$5,000; allows spouses who both have earned retiree health insurance credit to combine the credits and apply to the policy of the contract holder; allows employer payments of a temporary employee's health insurance premium; defines eligibility for temporary employee eligibility; and allows board to bid out the Medicare retiree prescription drug coverage.
79	PERS & Highway Patrol	PERS	Increase the retiree health credit from \$4.50 to \$5.00 and changes the required employer contribution.
30	Uniform Group Insurance Program	Senator Mathern	Expands the uniform group insurance program to allow participation by members of the North Dakota National Guard.
31	Uniform Group Insurance Program	Senator Mathern	Expands the uniform group insurance program to allow participation by permanent employees of nonprofit organizations.
32	Uniform Group Insurance Program	Senator Mathern	Expands the uniform group insurance program to allow participation by employees of small private sector employers.
62	Uniform Group Insurance Program	Rep. Price	Allows public health districts to participate in the uniform group insurance program under the same conditions as a state agency.
71	PERS, Uniform Group Insurance & Deferred Comp Programs	Sen. Krebsbach	Authorizes employees of the North Dakota Association of Counties to participate in PERS, the uniform group insurance program, and the deferred compensation program.
100	Uniform Group Insurance Program	Senator Mathern	Expands the uniform group insurance program to allow participation by other North Dakota residents without health insurance coverage.
73	PERS	Board for Career & Technical Education	Allows employees of the State Board for Career and Technical Education currently participating in TFFR to participate in the Public Employees Retirement System.

Address Change: Rural Route Address Update

NDPERS wants to hear from you. We have numerous incorrect or insufficient addresses on file resulting in undeliverable mail. So we must update our mailing database. Many of these incorrect addresses are a Rural Route only. If you had a Rural Route address or an address change, please submit a Notice of Change form (form number SFN 10766) to PERS to update your address to the Emergency 911 and U.S. Postal Service approved address. An example of an undeliverable address would be "Rural Route 1"; an example of the correct address would be "28861 182nd Ave. West".

If you have an address change, a copy of the Notice of Change form is available on our website at <http://www.state.nd.us/ndpers/forms-and-publications/forms-pubs-db.html>. You may request the form by phone at 1-800-803-7377 or 328-3900. You may also submit your address change in writing to PERS (be sure to include your social security number and sign the letter).

To complete the Notice of Change form for an address change:

- Go to Part A, Member Information, and complete your name, social security number, department name, department number and daytime telephone number
- Go to Part C, Address Change
- Enter the effective date
- Enter your former address and new address
- Sign Part G, Authorization

Thank you for your cooperation in this matter.

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